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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/933,666	08/22/2001	William R. Herrell III	11011-0002	6634

22902 7590 04/19/2006

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EXAMINER

NGUYEN, MERILYN P

ART UNIT	PAPER NUMBER
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2163

DATE MAILED: 04/19/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/933,666

Applicant(s)

HERRELL, WILLIAM R.

Examiner

Merilyn P. Nguyen

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 July 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-18 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-18 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 22 August 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☒ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☒ Other: Detailed Action.

DETAILED ACTION

1. This application claims priority from provisional patent application no. 60/228,771 filed on August 30, 2000.
2. In response to the communication dated 07/14/2005, claims 1-18 are active in this application.

Interview Summary

3. Applicant's request for reconsideration of the finality of the rejection of the last Final Office action is persuasive and, therefore, the finality of that action is withdrawn. In the Interview, the Examiner agrees to reformulate the Rejection as Applicant's Attorney request and made this rejection as Final.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-18 are rejected under 35 U.S.C. 101 because the claimed invention lacks patentable utility.

Specifically, independent Claim 1 recites in part:

- a. issuing shares in each employee, and
- b. establishing a market for trading said shares; and

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- c. trading said shares of all employees in the market, wherein at least one of the employee's performance can be evaluated based on a value of the traded shares of said one employee.

(Claim 1, lines 3-7).

Similarly independent Claim 3 recites in part:

- b) issuing a number of shares for each employee, the shares having a unit value;
- c) establishing a market for buying and selling of the shares wherein employees can only buy or sell shares of other employees;

(Claim 3, lines 4-7)

Furthermore independent Claim 15 recites in part:

... the market trading system permitting shares of each employee to be traded by buying or selling ...

(Claim 15, lines 4-5)

However, Examiner notes that activities such as buying and selling of securities, and establishing markets, are heavily regulated under 15 USC Chapter 2b (the Securities Exchange Act) as well as other Federal laws. Since independent claims 1, 3, and 15 are silent as to the relationship of creating a securities market within the context of relevant Federal law, examiner must reject independent claims 1, 3, and 15 as **against public policy** and therefore lacking utility under 35 U.S.C. 101. Refer to MPEP sections 706.03(a) and 2105-2107.

Dependent Claims 2, 4-14, and 16-18 inherit same deficiency from independent Claims 1, 3, and 18.

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5. Claims 1-4, 7-9 and 11-12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Regarding claims 1-4, 7-9 and 11-12, to be statutory a process must be directed to a practical application in the technological arts. The claimed method steps of claims 1-4 are directed to a method for evaluating performance of a number of employees in a company. The claimed method steps for evaluating performance of a number of employees in a company are:

1. merely an abstract idea and
2. does not reduce to a practical application in the technological art, environment, or machine.
3. does not produce a useful, tangible, concrete results.

For example, the method steps of issuing shares, establishing a market for trading shares, and trading shares only constitutes an abstract idea of how to evaluate employees. These recited steps can be performed in the mind of the user. Applicant must use technology to achieve the function of the method steps to ensure the claimed invention is directed to statutory subject matter.

In addition, although claim 3 recites step of generating an electronic personal profile for each employee and storing each profile in a database, this step in method of evaluating employees is insufficient since it's only the idea and it do not produce a useful, tangible, concrete results as generating an electronic personal profile have nothing to do with evaluating employees.

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See *In re Alappat*, 33 F.3d at 1544, 31 USPQ2d at 1657, or *In re Waldbaum*, 173 USPQ 430 (CCPA 1972) or *In re Musgrave*, 167 USPQ 280 (CCPA 1970) and *In re Johnston*, 183 USPQ 172.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1-18 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Regarding claim 1, this claim is being incomplete because no steps are given to arrive with evaluating performance. Also, there is insufficient antecedent basis for “issuing shares in each employee”. What is meant by “issuing shares in each employee”? Does it mean issuing (monetary) on a human being?

Regarding claim 3, this claim is being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP § 2172.01. The step of “generating an electronic personal profile for each employee and storing each profile in a database” shows no relationship with the others steps.

Regarding claim 15, there is insufficient antecedent basis for “shares issued in each employee” (line 3). What does “shares issued in each employee” mean? Does it mean issuing (monetary) on a human being?

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Claims 2, 4-14 and 16-18 depend from rejected base claims and include all the limitations, thereby inheriting their defects.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shields (US 2002/0032636), in view of Herz (US 6,460,036).

Regarding claim 1, Shields teaches system for trading stock options that allows participant employees to exercise, hold and/or sell stock (See paragraph [0009], lines 17-26) wherein a stock option is a right granted by a company to employees (See paragraph [0005]). Shields also teaches establishing a market for trading said shares (See Fig. 9, and paragraphs [0083, 0084]).

Shields does not expressly teach issuing shares in each employee. However, the difference are only found in the nonfunctional descriptive material and do not alter how the trading function (i.e., the descriptive material does not reconfigure the trading). Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, *see In re Gulack*, 703 F.2d 1381, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994). Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to trade any type of shares, for example shares of stock, option, or shares issued in each employee as instant invention because different type of shares does not alter

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how the trading functions and because the subjective interpretation of the shares does not patentably distinguish the claimed invention.

Shields is silent as to trading shares of all employees in the market, wherein at least one of the employee's performance can be evaluated based on a value of the traded shares of said one employee. On the other hand, Herz teaches trading shares of all employees in the market and the performance of employee can be evaluated based on the traded shares (Please see Column 61, line 45 to column 63, line 18, Herz, et al.). It would have been obvious to one having ordinary skill in the art at the time of the invention was made to evaluate employee based on traded shares. The motivation would have been evaluating the performance of each employee so that the attract interest on different products can be obtained.

Regarding claim 2, Shields/Herz discloses a searchable database having a profile for each of a number of employees (See paragraphs [0010], [0039], lines 11-21, and [0047], lines 15-32).

Regarding claim 3, Shields/Herz discloses a method of evaluating employees of an enterprise comprising:

- a) generating an electronic personal profile for each employee and storing each profile in a database (See paragraphs [0010], [0039], lines 11-21, and [0047], lines 15-32);
- b) issuing a number of shares for each employee, the shares having a unit value for each employee as addressed and explained above in claim 1 and also see paragraphs [0005], [0049-0050], and [0056];

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- c) establishing a market for buying and selling of the shares wherein employees can only buy or sell shares of other employees (See Figs. 8, 9, and paragraphs [0075]-[0079]); and
- d) identifying at least one job performance trait as part of each buying or selling of shares of each employee (See Figs. 14, 15, and paragraphs [0102, 0103]).
- e) evaluating at least one employee based on at least the traded value of the one employee's shares as addressed above in claim 1.

Regarding claim 4, Shields/Herz discloses only a select group of employees or owners has access to the at least one job performance trait identified in step (d) (See Figs. 3, and 18).

Regarding claim 5, Shields/Herz discloses the buying and selling is performed using a global worldwide network or a specific area network (See paragraph [0041]).

Regarding claim 6, Shields/Herz discloses at least some of the employees update their electronic personal profiles to increase the unit value of their shares (See paragraphs [0054], and Fig. 13).

Regarding claim 7, Shields/Herz discloses the unit value is measured in terms of currency, time, an article, or combinations or fractions thereof (See Fig. 7B).

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Regarding claim 8, Shields/ Herz discloses time is the unit value, and the time is one of vacation time, compensatory time, billable time, non-billable time, sick time, maternity time, and combinations and fractions, thereof (See paragraphs [0078, 0087]).

Regarding claim 9, Shields/ Herz discloses buying or selling of shares is done anonymously (See paragraph [0075]).

Regarding claim 10, Shields/ Herz discloses the database is searchable to allow employees to search for at least capabilities of other employees (See [0078]).

Regarding claim 11, Shields/ Herz discloses each employee has a portfolio of shares comprising shares of at least one employee superior, at least one employee peer, and at least one employee subordinate (See Fig. 7B).

Regarding claim 12, Shields/ Herz discloses at least one employee creating a watch list identifying at least one other employee, the one employee being notified when a profile of the at least one other employee is updated (See [0039], lines 11-21).

Regarding claim 13, Shields/ Herz discloses a web page accessible for each employee, the web page comprising:

- access to the electronic personal profile of the employee for updating, and monitoring of share performance;
- access to the market for buying and selling of the shares of other employees, and

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search capability to access at least information in the electronic personal profile of other employees.

See Figs. 14-23.

Regarding claim 14, Shields/ Herz discloses the web page further comprises access to news provided by the enterprise (148, Fig. 2); access to a help program (System help 132, Fig. 2); access to a frequently asked question program (152, Fig. 2); and access to an indices of data sorted by job function (See [0046]).

Regarding claim 15, Shields/ Herz discloses a system for evaluating employees of an enterprise comprising:

- a searchable database storing an electronic personal profile of each employee of the enterprise and a number of shares assigned to each employee (See paragraphs [0010], [0039], lines 11-21, and [0047], lines 15-32);
- a market trading system accessible by each employee, the market trading system permitting shares of each employee to be traded by buying or selling when at least one job performance trait associated the employee whose share is being traded is identified by the employee requesting the trade (See Figs. 8, 9, and paragraphs [0075]-[0079], and See Figs. 14, 15, and paragraphs [0102, 0103]), the buying and selling of shares affecting the value of the employee' shares to allow for employee evaluation based on share value as addressed above in claim 1; and
- a computer allowing each employee access to the searchable database and the market trading system (Finance system 4, Fig. 1).

Regarding claim 16, Shields/ Herz discloses the computer accesses the searchable database and market trading system through one of a global network and a local area network and a server (See paragraph [0041]).

Regarding claim 17, Shields/ Herz discloses the market trading system requires each trade to be done without revealing the name of the employee trader (See Fig. 9).

Regarding claim 18, Shields/ Herz discloses the market trading system generates quotes on shares of the employees based on at least supply and demand for the shares (Quote Server 30, Fig. 1).

Conclusion

8. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).


A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

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9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Marilyn P Nguyen whose telephone number is 571-272-4026. The examiner can normally be reached on M-F: 8:30 - 5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Don Wong can be reached on 571-272-1834. The fax phone numbers for the organization where this application or proceeding is assigned are 703-872-9306 for regular communications and 703-746-7240 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-3900.


MN
April 10, 2006


FRANTZ COBY
PRIMARY EXAMINER